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Second country cooperation framework for Slovenia (2001-2004)

Contents

		Paragraphs	Page
	Introduction	1	2
I.	Development situation from a sustainable human development perspective	2–8	2
II.	Results and lessons of past cooperation	9–13	2
III.	Objectives, programme areas and expected results	14–25	3
	A. Empowerment of civil society to advance local initiatives	17–20	3
	B. Support to public administration reform	21–22	4
	C. Furthering environmental management	23–25	4
IV.	Management arrangements	26–29	5
	A. Execution and implementation	26–27	5
	B. Monitoring, review and reporting	28	5
	C. Resource mobilization	29	5
Annex			
	Resource mobilization target table for Slovenia (2001-2004)		6

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Introduction

1. The second country cooperation framework (CCF) for Slovenia (2001-2004) has been prepared in consultation with the Government, civil society, and donors. This process served to review the first CCF (1997-1999, with an extension to 2000) and to formulate the orientation of the second CCF. Current issues and approaches were identified using the national human development reports (NHDRs), the country review, other programme and government documents, discussions with various officials at the national level and with non-governmental organizations (NGOs) and other potential counterparts.

I. Development situation from a sustainable human development perspective

2. The country's transition period has been positive since declaring independence in June 1991. Slovenia was established as a pluralist parliamentary democracy based on a free-market economy and the rule of law. It has an ethnically homogeneous population of about two million people.

3. Initially following independence, the economy contracted. However, thanks to a developed industrial sector, a well-educated workforce and focus on macroeconomic stabilization and growth, the economy has experienced growth since the mid-1990s. Economic growth ranged from 3.5 (1996) to 4.6 (1997) per cent between 1995 and 1999 with the 1999 rate estimated at 4 per cent. Per capita gross domestic product (GDP) ranks amongst the highest in Central and Eastern Europe and was estimated at $10,004 in 1999. There are no major macroeconomic imbalances and the fiscal situation is stable. Human development indicators, such as literacy rate, education, access to health care and sanitation, are comparable to those of the European Union.

4. The strategy of the Government has focused on achieving sound economic growth, fiscal stability, and the sustainability of the social and welfare sector. While this approach has had many positive impacts throughout the country, areas remain which the Government has not yet addressed. However, it may also be possible that the rapidly changing socio-economic environment has outdistanced the reform process.

5. Unemployment remains high, estimated at 13.6 per cent in 1999, even with the adopted active employment policy (involving public works and education programmes). However, the official rate, the number of individuals in publicly subsidized activities and underemployment seem to indicate that the rate is much higher than in 1998. Figures for 1999 also show a halt in the growth of the number of persons employed in large- and medium-sized enterprises and organizations, while the number of small businesses rose. The number of private entrepreneurs and own-account workers continued to stagnate.

6. Governance issues, mainly in the area of public-administration reform, continue to be addressed. The reforms are being spurred by the country's target of European Union integration. The Government continues to address public-sector adjustment in relation to developing policies, strategies, organizational structures and activities, in line with the European Union requirements and standards. Various impediments have been encountered which the Government is struggling to overcome.

7. The local active NGO sector has been supporting civil society. However, in light of ongoing developments, there are additional opportunities to strengthen the coordination and activities of the NGO sector in order to strengthen self-financing and to provide more input into the policy-making process.

8. The experience in Slovenia points to a need for selected and focused external assistance interventions to help sustain human development, even though political and economic transition has been relatively smooth.

II. Results and lessons of past cooperation

9. Slovenia became a net contributor to the UNDP in 1997 and was assigned a target for resource assignment from the core (TRAC) allocation of US$ 164,000 of which $27,000 was on a reimbursable basis.

10. The main thematic areas of the first CCF were to: (a) enhance civil society and to support vulnerable groups, with particular focus on the advancement of

women and on building the capacities of NGOs and civil society groups; (b) establish national capacities for development and technical cooperation among developing countries; and (c) manage the environment. The programme actually developed in the areas of civil-society enhancement, small- and medium-sized enterprise (SME) development and environmental management.

11. The enhancement of civil society was addressed by supporting gender mainstreaming, sensitization of political parties to gender issues, and training female electoral candidates at the national, regional and local levels. SME development was addressed by establishing the Small Business Development Centre (SBDC) to service SMEs and coordinate SME projects sponsored by the Government and other donors. SBDC also provided training to SMEs and established a voucher/certification programme.

12. Environmental management was addressed by assisting in the drafting of the first national communication on the United Nations Framework Convention on Climate Change. The project also included the preparation of an inventory of greenhouse gases, an assessment of the potential impact of climate change, the creation of an action plan to address climate change, and the promotion of public awareness. A project aimed at removing barriers to commercial-scale biomass-based district heating was successful in paving the way for a proposed UNDP/Global Environmental Facility (GEF) effort to establish a project and a fund to support biomass-heating utilities. The project was instrumental in upgrading institutional capacity, reviewing the institutional and legal framework and demonstrating the feasibility of using biomass for large commercial-scale applications.

13. Overall, past project efforts have been instrumental in addressing or drawing attention to selected areas which have not been addressed in the transition process, even though Slovenia has been very cautious in its transition approach. Therefore, given positive overall social and economic development, there is still a catalytic role for UNDP to play in promoting human development issues that, at times, are either overlooked or for which the resources and capabilities are not present. The Government has stated that though UNDP financing is small, its impact is much greater. In light of its positive experience, the Government is more keen on sharing its information, experience and knowledge with other countries in Central and Eastern Europe and in the Commonwealth of Independent States, as they progress through the transition process and confront similar problems.

III. Objectives, programme areas and expected results

14. Slovenia will not be assigned TRAC allocation for the new programming period, 2001-2004; during the new cycle, UNDP programmes will be funded by a carry-over from the previous cycle and non-core resources.

15. The main priorities of the Government with regard to UNDP assistance, are to deepen social and economic advances by further strengthening civil society, especially via a reinforced NGO community; by highlighting governance through greater public-administration reform, and by further enhancing environmental management.

16. The preparation of the NHDR is also seen as an important component of the new cycle. It will not only assist in human development research and analysis but will also provide input to policy makers. The 1999 NHDR has had such an awareness-raising impact that the Government and the public are now seeking solutions to the issues identified.

A. Empowerment of civil society to advance local initiatives

17. NGOs have played a key role in organizing a democratic society and in safeguarding and implementing democratic values, of which gender equality and social rights are an integral part. Following up on the gender project of the first CCF, the Women's Policy Office has prepared a strategy to implement a series of activities aimed at strengthening NGO activity in the social sector and in supporting equal opportunity. The project has two components: (a) to build favourable conditions for the harmonization of relations between NGOs and local public authorities and among NGOs themselves, and to strengthen the role of NGOs in their support of equal opportunities; (b) to foster the implementation of selected projects in the areas of social security and equal opportunities by providing grant funding to NGOs on a selective basis and by focusing on projects

in less developed areas outside the main economic centres of the country.

18. A second effort is aimed at strengthening the building of foundations and associations in Slovenia. Historically, foundations and associations have played a critical part in the sciences, research and development, the arts, culture, and trade among others. Since independence, the number of these organizations has increased to about 60, with most being registered in the last several years. As this sector of the NGO community develops, they are struggling to establish their viability in the face of a changing socio-economic environment, including the assimilation of European Union approaches, and unfamiliarity with the financing, administration and service orientation they need to develop. While the legal framework for such entities exists, many more steps need to be taken to establish further this component of the NGO sector.

19. The Slovenia Science Foundation has attempted to organize foundations in order to further their development as a sector and to provide a more coordinated approach in communicating and working with the Government to establish more positive relationships. Further steps are needed to: (a) assess the role of foundations in Slovenia and define a strategy for the sector as a whole; (b) assist in identifying and providing training on fund-raising strategies; (c) establish a clear partnership and dialogue with the Government; and (d) develop mechanisms and strategies to educate foundation leaders on how to manage their organizations more effectively.

20. At the end of the cycle, NGOs will be more active at the municipal level and have addressed further the issues of social security and equal opportunity. At least six self-sustainable projects should be accomplished in addition to shorter-term project efforts. An association of foundations should be established, complete with an operational medium-term strategy for the sector. A communication and liaison channel with the Government will also have been set up and actively utilized, and members of the association will have been trained on fund-raising and management techniques.

B. Support to public administration reform

21. The Government has made advances to adjust its public service sector to comply with the European Union requirements. However, while it has created strategies, established some of the necessary organizational units and adopted policies, laws and standards, it is now facing implementation hurdles. Efforts must now focus on implementation, in terms of civil-service reallocations, training/retraining, policy and strategy implementation, and legal enforcement.

22. UNDP has specific capacities to assist in some of the downstream public-administration reforms needed. As the Government approaches these issues, UNDP can provide targeted assistance in areas such as organizational functional analysis, decentralization and local governance strengthening, and enhancing of administrative and procedural operations of the parliament.

C. Furthering environmental management

23. Slovenia is dependent on foreign sources of energy. In the first CCF, the project to remove barriers to biomass heating was instrumental in preparing the way for the UNDP/GEF follow-up project for 2000. It will promote the increased use of biomass as an energy source at the district level by: (a) reducing the implementation costs of biomass-based district heating projects in local communities; (b) improving the energy efficiency of existing boilers and individual fireplaces using biomass; and (c) increasing the use of biomass for cogeneration and in small individual boilers when economically and environmentally feasible. The project will provide technical assistance as well as a revolving fund to help finance biomass conversions and unit establishment.

24. The project is expected to remove key barriers to the improved and increased utilization of biomass as an energy source, thereby facilitating its increasing share in the country's energy balance. During the project term, three to five new biomass district heating projects are expected to begin.

25. Overall, when considering the above CCF strategy and thematic areas and given the country's development status and prospects, UNDP should consider its exit strategy towards the end of the programme, if no external shocks are experienced. The main concentration of this effort should be to establish a relationship with Slovenia in order to share its experiences, information and approaches with other

countries in the subregion and in other Central and Eastern European and CIS countries.

IV. Management arrangements

A. Execution and implementation

26. National execution will continue to be the normal execution modality. National project managers and financial officers will be provided with appropriate training on accounting and reporting to ensure that accounting and auditing requirements are met.

27. Projects will be backstopped and supported by the Regional Bureau for Europe and the CIS (RBEC) Regional Support Centre based in Bratislava. Close consultation will take place between the Centre and the Office of Multilateral Cooperation in the Ministry of Science and Technology, the main UNDP focal point. To the extent possible, other United Nations organizations, programmes and modalities will be used, such as the United Nations Volunteers programme, the Transfer of Knowledge Through Expatriate Nationals, United Nations Short-Term Advisory Resources and technical cooperation among developing countries.

B. Monitoring, review and reporting

28. Projects will be reviewed periodically, according to project work plans, to ensure that targets and benchmarks are achieved and are fully results-oriented. Project managers will submit work plans, progress and other reports, according to UNDP requirements. This is to include annual progress reports, performance and evaluation reports, technical reports as required, terminal reports and the necessary tripartite review meetings.

C. Resource mobilization

29. In view of the limited UNDP resources available, particular attention will be given to continuing efforts to mobilize additional resources by attracting cost-sharing contributions or trust funds. The Government will provide its cost-sharing contribution. The GEF will support a major portion of the funding for the biomass project. Most of the proposed projects complement the European Union as well as other bilateral and ongoing government efforts.

Annex

Resource mobilization target table for Slovenia (2001-2004)

Source	*Amount (In thousands of United States dollars)*	*Comments*
UNDP regular resources		
Estimated carry-over into 2001	272	Includes AOS.
TRAC 1.1.1	-	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
Subtotal	**272***	
UNDP other resources		
Government cost-sharing	-	
Sustainable development funds	4 500	GEF
Third-party cost-sharing	-	
Funds, trust funds and other	-	
Subtotal	**4 500**	
Grand total	**4 772***	

* Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.
Abbreviations: AOS = administrative and operational services; GEF = Global Environment Facility; SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core.